

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO

IN RE:
JUAN EDGARDO MORA
MARIA INES JOVE RAMOS

Debtors

CASE NO. 14 – 04676 – MCF12

Chapter 12

EMERGENCY MOTION FOR USE OF CASH COLLATERAL

TO THE HONORABLE COURT:

COME NOW the Debtors and through the undersigned attorney and very respectfully set forth and pray:

1. The statutory basis for the relief requested herein are sections 105(a), 361, 363, 364, , 1107 and 1108 of the Bankruptcy Code, Fed. R. Bank. P. 4001 (b) and Local Bankruptcy Rule 4001-2.
2. On June 5, 2014 JUAN EDGARDO MORA and MARIA INES JOVE RAMOS (the “Debtors”) filed a voluntary petition for relief under the provisions of 11 U.S.C. §1201 et. seq., and as of that date they have been managing their affairs and operating their business.
3. The Debtors operate a dairy farm located at Hato Abajo Ward, Rd. 653 Km. 3.4 in Arecibo PR. They have a bi-weekly milk production quota of 28,500 liters which is valued at \$427,500.00.
4. The Debtors sell their milk production to Suiza Dairy Corporation.

5. Recent price controls and seasonal events have adversely affected Debtors' business and its solvency. The increase in food cost and other necessary operating expenses have also adversely affected the business.
6. Debtors' current production is around 50.00% of the milk quota.
7. The Debtors need the proceeds of cash collateral in order to maintain the production of milk above 50% of the quota during the summer. The Debtors will buy 6 additional cows during the time authorized for the use of cash collateral and that will yield an estimate of 2,350 additional liters of milk production each month. In terms of income this 6 additional cows will increase Debtors' gross income in the amount of \$7,206.00 each month. The breakdown for the estimated income increase is as follows:
 - a. $6 \text{ cows} \times 14 \text{ liters of production per cow daily} = 84 \text{ additional liters}$
 - b. $84 \text{ additional daily liters} \times 14 \text{ days period} = 1,176 \text{ additional liters per bi-weekly production}$
 - c. $1,176 \text{ additional bi-weekly liters} \times \$0.84108 = \$989.11 \text{ increase in bi-weekly income}$
 - d. $\$989.11 \times 2 \text{ (bi-weekly periods in one month)} = \$1,798.22 \text{ additional or increase in monthly gross income}$
 - e. $\$1,798.22 - \$325 \text{ (feeding expense for the 18 new cows)} = \$1,473.22 \text{ increase in net income each month.}$
8. The Debtors owe and estimated amount of \$615,000.00 to Oriental Bank. This amount owed to Oriental Bank ("Creditor") is guaranteed by a commercial lien which encumbers Debtors' cash collateral. The Creditor is also secured by 28,500 liters of the milk quota which is valued at \$427,500.00.

9. The Debtors also owe creditor BPPR de amount of 78,000.00 which are guaranteed with 21,500 liters of the quota in second rank.
10. The Debtors request that this Honorable Court allows them on an interim basis the use of cash collateral up to \$22,136.00 for the month of July 2014; \$26,546.00 for the Month of August 2014; and \$20,520.00 for the month of September 2014.
11. The Debtors propose to pay Oriental Bank the amount of \$400 per week for the use of cash collateral each Friday (or Saturday if Suiza Dairy deposits on Saturday), starting on July 11 2014. Subsequent payments will be made on July 18 and 25; August 1, 8, 15, 22, and 29; September 5, 12, 19, and 29.
12. The Debtors propose to pay Banco Popular de Puerto Rico the amount of \$100 per week for the use of cash collateral each Friday (or Saturday if Suiza Dairy deposits on Saturday), starting on July 11 2014. Subsequent payments will be made on July 18 and 25; August 1, 8, 15, 22, and 29; September 5, 12, 19, and 29.
13. The Debtors require the use of Cash Collateral to pay (among other things) present operating expenses as evidenced by the **BUDGET** attached hereto and included as part of this Motion as **EXHIBIT 1**.
14. Section 363(c) (2) of the Bankruptcy Code provides that a debtor may not use, sell or lease cash collateral unless: “(a) each entity that has an interest in such cash collateral consents; or (b) the court, after notice and hearing, authorizes such use, sale, or lease in accordance with the provisions of this section.” 11 U.S.C. §363(c) (2). Noncompliance with this section is ground for conversion to Chapter 7.
15. The Debtor proposes that this Honorable Court enters an Order temporarily allowing the uses of cash collateral in the amount up to \$22,136.00 for the month of July 2014; \$26,546.00 for the Month of August 2014; and \$20,520.00 for the month of September 2014.

**REQUEST FOR EMERGENCY DETERMINATION AND URGENT
MOTION REQUIREMENTS**

16. The success or failure of the Debtors' case rests in significant part on the Debtors having the access to use the cash collateral to continue their operations pending a sale or a plan. Given the importance of the requested relief to the Debtors and their estate, the Debtors requests that this Court consider this Motion and approve the same on an emergency basis and allows the use of Cash Collateral in the amount of up to \$22,136.00 for the month of July 2014; \$26,546.00 for the Month of August 2014; and \$20,520.00 for the month of September 2014.

17. Debtors have carefully examined the matter object of this Motion and have concluded that there is a true need for it to be heard on an emergency basis. Debtors have not created the need for this emergency relief through any lack of due diligence.

WHEREFORE the Debtor herein requests a Temporary Order from this Court authorizing the use of Cash Collateral in the amount up to \$22,136.00 for the month of July 2014; \$26,546.00 for the Month of August 2014; and \$20,520.00 for the month of September 2014..

CERTIFICATE OF SERVICE

Notice of this MOTION has been electronically provided by the CM/ECF system to: the **Chapter 12 Trustee** for the District of Puerto Rico and to all attorneys that have filed a notice of appearance. Copy of this notice will be sent by postage prepaid to those parties listed on Debtor's master address list.

RESPECTFULLY SUBMITTED.

San Juan, Puerto Rico, this 9th day of July of the year 2014

/s/HOMEL MERCADO JUSTINIANO

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